



**COMMONWEALTH of VIRGINIA**  
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**MEMORANDUM**

**TO:** **VICTORIA P. SIMMONS**  
Regulatory Coordinator  
Department of Medical Assistance Services

**FROM:** **PAIGE S. FITZGERALD**  
Special Counsel to DMAS

**DATE:** August 5, 2004

**SUBJECT:** Proposed Fast-Track Regulations concerning an Increase in the Adjustment Factor for Type Two Hospitals

I have reviewed the attached proposed regulations which increase the adjustment factor for Type Two hospitals.

Based on that review, it is my view that the Director, acting on behalf of the Board pursuant to Va. Code § 32.1-324, has the authority to promulgate these amendments to the State Plan, subject to compliance with the provisions of Article 2 of the Administrative Process Act and has not exceeded that authority. These regulations will enable the Director, in lieu of the Board of Medical Assistance Services, to make the changes to the regulations increasing the adjustment factor for Type Two hospitals to 75 percent. The authority for these proposed regulations derives from this year's Appropriation Act [Chapter 4 of the 2004 Acts of Assembly], Item 326(XX), which states that DMAS shall have "the authority to amend the State Plan for Medical Assistance Services governing Medicaid reimbursements for hospitals to set the adjustment factor for Type 2 hospitals equal to 75 percent."

If you have any questions or need any additional information, please feel free to call me at 786-0095.

cc: Kim F. Piner, Esquire

Attachment